

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-04
TRSE-00 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 USIA-06 L-03
H-01 SS-15 NSC-05 /094 W
-----081550Z 073050 /43

R 081510Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6241
INFO USMISSION EC BRUSSELS
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION GENEVA
USDEL MTN GENEVA
USMISSION OECD PARIS

C O N F I D E N T I A L BONN 04104

E.O. 11652: GDS
TAGS: EAGR, EALR, EFIN, EEC, GW
SUBJECT: FRG VIEWS ON FARM PRICES PACKAGE PROPOSED BY
EC COMMISSION

REF: (A) EC BRUSSELS 1529, (B) BONN 3531,
(C) EC BRUSSELS 2135, (D) STATE A-236

1. IN A DISCUSSION WITH EMBOFF ON THE FIRST REVIEW OF
THE EC COMMISSION'S FARM PRICE PACKAGE BY THE AGRI-
CULTURAL COUNCIL, ECONMIN DEP. ASST. SEC. MORAWITZ
CONFIRMED THAT THE FRG WILL HAVE TO INSIST ON A PACKAGE
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WHICH WILL RESULT IN AT LEAST A MODERATE PRICE INCREASE
OF ONE PERCENT FOR GERMAN FARMERS. HE POINTED OUT THAT
IF THE GREEN MARK IS REVALUED BY 2.8 PERCENT AS
PROPOSED BY THE EC COMMISSION, THE PROPOSED 3 PERCENT
PRICE INCREASE WOULD RESULT IN AN INCREASE OF ONLY
0.2 PERCENT IN PRICES RECEIVED BY GERMAN FARMERS.
SUCH A SMALL INCREASE IS SIMPLY NOT ACCEPTABLE FOR THE

GERMAN FARM COMMUNITY, AS MINISTER ERTL STRESSED AT THE AGRICULTURAL COUNCIL.

2. ACCORDING TO MORAWITZ, THE COMMISSION'S PROPOSED PRICE PACKAGE WILL BE TAKEN UP BY THE FRG CABINET THIS WEEK. MORAWITZ EXPECTS THAT THE CABINET WILL AGREE TO ACCEPT THE COMMISSION'S PROPOSALS ON 1977/78 PRICES. ALTHOUGH MINISTER ERTL IS PRESSING FOR A 5 PERCENT INCREASE IN GRAIN PRICES, MORAWITZ DOUBTS THAT HE WILL FIND SUPPORT AMONG OTHER CABINET MEMBERS. MORAWITZ INDICATED THAT MINISTER ERTL'S POSITION ON MONETARY COMPENSATORY AMOUNTS (MCA) ADJUSTMENTS HAS BEEN OPEN. HE THOUGHT THAT THE CABINET WOULD DECIDE TO PRESS FOR A MORE MODEST REVALUATION OF THE GREEN MARK, BY ABOUT 2 PERCENT RATHER THAN 2.8 PERCENT. THIS WOULD RESULT IN A PRICE INCREASE OF ONE PERCENT FOR GERMAN FARMERS, WHICH MORAWITZ THOUGHT WOULD BE THE MINIMUM INCREASE THAT WOULD BE POLITICALLY ACCEPTABLE.

3. MORAWITZ INDICATED THAT A THOROUGH OVERHAUL OF THE MCA SYSTEM MUST AWAIT FURTHER PROGRESS IN REVISING THE UNITS OF ACCOUNT FOR CONTRIBUTIONS TO THE COMMUNITY BUDGET. HE WAS SURE THAT THE BUDGET COMMITTEE WOULD CONSIDER MORE THOROUGH REVISIONS OF THE GREEN CURRENCIES TOGETHER WITH ITS WORK ON REVISION OF UA'S. WHILE NOT DOWN-PLAYING THE NEED TO RESOLVE THE PROBLEMS CAUSED BY HUGE MCA PAYMENTS TO THE UK, MORAWITZ'S COMMENTS REVEALED THAT THIS ISSUE WAS NOT A MATTER OF URGENCY OR HIGH PRIORITY FOR THE FRG.
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Message Attributes

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